



AIR FORCE CONTRACTING NEWSLETTER

HEADQUARTERS UNITED STATES AIR FORCE AFRP 64-1 NO. 10

Summer 1994

INFORMATION TECHNOLOGY IN CONTRACTING THE KEY TO OUR FUTURE

The future of contracting is directly linked to integrating policy, processes and computer technology. This networked information will improve the effectiveness of our work with our customers and associates across the Air Force. We are actively involved in many on-going DoD efforts to accomplish this integration. Electronic Commerce/Electronic Data Interchange (EC/EDI) and Corporate Information Management-Procurement (CIM-P) initiatives are in the forefront.

EC/EDI implementation supports acquisition reform and streamlining efforts to improve small business access to DoD procurement information, raise the small purchase dollar threshold and transition to a paperless procurement environment. We are actively supporting the AF and DoD efforts through a three-phased effort starting with the electronic exchange of a request for quote and award of a purchase order in Phase I; expanding in complexity to permit electronic text messaging and contractor registration in Phase II; and electronic cataloging and purchase order modification in Phase III.

The CIM-P initiative supports the DEPSECDEF requirement to transition all DoD functional automated information systems (AISs) to a single migration system for each functional area by October 1996, and then to develop and field a future target AIS for each functional area. In the procurement functional area, we are migrating to a Standard Procurement System (SPS). We are working to ensure the deployed SPS will provide the functionality we need. At the same time, concurrent actions are taking place for the design and development of our target (future) procurement AIS. AF contracting professionals are again actively supporting the procurement process modeling and functional description projects that are critical to defining how procurement processes work today and how these processes must be reengineered and automated for the future.

Given the importance of computer technology to our future, I have created a new division in AQC. Under the leadership of Col (S) Rich Heffner, the Contracting Systems Division (AQCI) will integrate the EC/EDI and CIM-P efforts, and develop a strategy that best integrates our changing organizations, policy, and processes and the evolving information technology capabilities.

ROBERT W. DREWES, Brig Gen, USAF
Deputy Assistant Secretary
(Contracting)
Assistant Secretary (Acquisition)

The remainder of 1994 marks the beginning of an even more aggressive and opportunistic era for AF contracting. The information technology efforts currently under way have the potential to improve our contracting processes. The challenges are great; the payoffs even greater. An article in this Newsletter gives more detail on our EC/EDI progress to date. Your ingenuity and active participation are necessary investments to take us into the 21st century and realize the full benefits of information technology. I thank everyone whose time and hard work have brought us this far. Moreover, I look forward to the successes ahead.



Please Recycle!

THE AIR FORCE EC/EDI PLAN

by Maj Todd Klopp, SAF/AQCP, DSN 227-8472

The Air Force Electronic Commerce/Electronic Data Interchange (EC/EDI) In Contracting plan consists of a goal, a strategy, and an approach. The goal is to provide EC/EDI capability to the 5 AF central purchasing activities and the 93 base level contracting activities which process 10,000 or more contractual actions under \$25,000 annually. The strategy is to use existing contract automated systems and contract writing applications. For central purchasing, this is the Automated Contract Preparation System (ACPS) and Menu Assisted Data Entry System (MADES). For installation level

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contracting, this is the Base Contract Automated System (BCAS) and MADES II. The approach incrementally automates the contracting process in three phases, across limited Federal Stock Classes and commodity groups, using the Department of Defense (DoD) standard EC/EDI communication network. The EC/EDI communication network will provide a flow of contractual transactions between industry and government for simplified purchases.

As mentioned, the three-phased AF approach incrementally automates the contracting business process. Phase I will establish the basic buyer-seller relationship at the AF Air Logistics Centers' central procurement activities, 20 base level AF contracting locations, and one Marine Corps site, through the electronic exchange of a Request for Quote and resultant purchase order award. Phase II will expand the AF EC/EDI capability to an additional 48 AF base level contracting activities and increase the number of electronic transactions to automate the vendor registration system and text messaging. Phase III will complete our planned EC/EDI deployment by adding an additional 29 AF base level contracting activities and providing electronic cataloguing, modification, and automated follow-up capability.

The AF EC/EDI plan is aggressive and requires the active involvement of all our contracting people and functional professionals who comprise the acquisition team: communications, small business, legal, logistics, civil engineering, supply, finance, etc. The first 20 AF contracting activities are discovering the increased importance of these organizations' involvement in multi-functional teaming to support the increased demand on fully functioning contracting automated systems and communications capabilities, as well as being able to communicate the EC/EDI objectives to contracting's AF customers and the vendor community. Looking to the future, these teams are equally essential to building the cross-functional EC/EDI partnerships to improve item descriptions, realize overall reductions in the total cycle time, and increase inventory efficiencies--particularly at the Wing level!

The identification of Phase II and III locations will soon be finalized and forwarded to the MAJCOM Chiefs of Contracting. In the meantime, the following Phase I locations are leading the AF EC/EDI in contracting effort: Ogden, Robins, San Antonio, Oklahoma City, and Sacramento ALCs; Peterson, Edwards, Eglin, Brooks, Randolph, Lackland, Maxwell, McConnell, Tyndall, and Langley AFBs, and the Marine Corps installation contracting activity at Quantico. ➔

POLICY & PROCEDURE

GSA'S ELECTRONIC DATABASE-- USE IT!

by James S. Cohen, SAF/GCR, DSN 223-9819

The General Accounting Office (GAO) has sent a clear message that reliance on non-current "Lists of Parties Excluded From Federal Procurement or Nonprocurement Programs" ("List") is not enough. The General Services Administration's (GSA) on-line electronic database is the final authority for the current status of suspended or debarred contractors. Every activity should have the capability to utilize this tool. Failure to do so is likely to call into question the reasonableness of a decision to declare a contractor ineligible for contract award.

The GSA maintains a database named Debarred Bidders List System (DBLS) which can be accessed, through either commercial or FTS lines, via a computer and modem. The only charge is the cost of the telephone call. While the system is not perfect in terms of search capacity, it is easy to use. You should be able to get on-line with minimal difficulty and no special password is required. For information on the database DBLS call (202) 501-4893 or (202) 501-4740.

In a recent decision, the GAO found that apparent good faith efforts to check the debarment status of a contractor was not enough to deny the protest of a low responsive bidder who was mistakenly included on the contracting officer's most recent copy of the "List". The case is *R. J. Crowley, Inc.*, 93-2 CPD 257, B-253783, 22 October 1993.

The facts are that Crowley's bid was determined to be the low responsive bid. During a check of Crowley's responsibility, the contracting officer determined by checking the "List" that Crowley had been

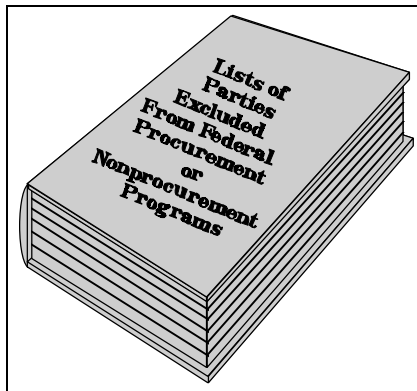
proposed for debarment. The contracting officer's copy of the "List" was two months old; as a result the contracting officer made three attempts to verify Crowley's status.

First, Crowley was called, the specific person the contracting officer wanted to speak with was not present and a message was left. Second, GSA was called to verify the "List" the contracting officer had available was

the most current -- it was. Finally, the agency which proposed the debarment was called, but no one answered the call. Following these actions, the contracting officer declared Crowley ineligible for award and awarded to the next low responsive bidder.

As it turns out, Crowley had been proposed for debarment approximately four months earlier than the publication date of the "List" relied upon by the contracting officer, but had been removed one week later. During conversion with the database from one system to another, GSA lost certain data, including the names of companies recently removed from the "List". One result of the conversion was that no "List" was published for the two months after the copy relied upon by the contracting officer. By the time of award, GSA's electronic database correctly reflected Crowley's status. It was not checked.

The protest was sustained. The GAO found that the contracting officer's decision in this case did not have a reasonable basis for determining that Crowley was ineligible for award. They specifically faulted the contracting officer for not using GSA's electronic database to verify Crowley's status. ➔



THE USE OF PAST PERFORMANCE INFORMATION BELOW \$5M

by Maj Dave Glowacki, AFMC/PKP, DSN 787-7065

Office of Federal Procurement Policy (OFPP) Letter 92-5, 30 December 1992, which requires federal agencies to prepare evaluations of contractor performance on all contracts over \$100K and to specify past performance as an evaluation factor in solicitations for all competitively negotiated contracts expected to exceed \$100K. The policy letter also requires that past performance be considered as a part of a responsibility determination in all acquisitions. The proposed FAR implementation of the OFPP policy letter was officially published for comment in the Federal Register on 17 February 1994 with the formal comment period closing on 16 April 1994.

In response to the OFPP policy letter, HQ AFMC/PK organized an integrated product team to review existing and planned AFMC past performance systems. Among other things, the team developed a simplified past performance evaluation process for the evaluation of past performance in competitively negotiated acquisitions between \$100K and \$5M. The streamlined past performance evaluation methodology would employ one of two options. Simplified Performance Risk Assessment would be used in competitive acquisitions where trade-offs among specific criteria areas, including price, are required in order to make a best value decision. Performance-Price Trade-off would be used for competitive acquisitions in which the non-price area will be evaluated on an "acceptable/non-acceptable" basis. Each option meets the requirement of the OFPP policy letter to use past performance as an evaluation factor in all competitively negotiated acquisitions over \$100K, while minimizing the substantial resource impact of this requirement.

When the FAR language implementation of the OFPP Policy Letter is published, each MAJCOM will need to implement the requirement to prepare evaluations on completed contracts and evaluate past performance in source selection. The AFMC model offers a starting place for the development of these implementing strategies. ➔

PROPOSED CHANGES TO MIL SPECS AND STANDARDS

by Lt Col Greg Waeber, SAF/AQCS, DSN 225-1997

Congress continues to pursue acquisition reform legislation and indications are that legislation will be passed by fall and that the process of implementing

changes will follow soon thereafter. Meanwhile, DoD remains active in examining streamlining opportunities for which no legislative change is required. It is in pursuit of this task that an implementation plan based on the results of the Military Specifications and Standards Process Action Team (PAT) has been developed. This PAT, which was chartered by the Deputy Under Secretary of Defense (Acquisition Reform), began work in August 1993 and concluded its work in April 1994.

On 29 June 1994, the Secretary of Defense signed a memorandum wholeheartedly accepting the team's report and approving the report's primary recommendation to use performance specs and standards in lieu of mil specs and standards unless no practical alternative exists to meet the user's needs. This change will have an impact on us in contracting as it also directed that we not only encourage offerors to identify and propose non-government standards and industry-wide practices in future requests for proposals, but also in some existing contracts. The implementation of this significant change and others driven by the PAT's report are being developed and will be disseminated as quickly as possible. This is a clear step toward one of the goals of the National Performance Review: to rely more on the commercial marketplace by buying more commercial products instead of requiring products to be designed to government-unique specifications. ➔

AETC SMALL BUSINESS SURVEY SHOWS GOOD CONTRACTING SUPPORT FROM SMALL DISADVANTAGED BUSINESSES

by Bobby Watts, AETC/LGCF, DSN 487-4840

Your customers may be missing a golden opportunity if they don't take advantage of the Small Business Administration's 8(a) program and the Small Business Competitiveness Demonstration program. With little extra cost you could realize time savings on your procurements. How are these programs really working? To answer that question a survey was sent to base civil engineering and contracting activities requesting their views on the subject. The areas surveyed were acquisition planning, days to award contracts, quality of contractors and price.

Overall the survey results indicated some activities experienced more success than others. Surprisingly, the mean variance between government estimates and award was only 10% for all small disadvantaged businesses, significantly less than the 25% we often hear quoted. The average time to award contracts under the 8(a) program is 107 days, and 117 days under the Small Business Competitiveness

Demonstration Program. This compares more favorably to the average time to award contracts using full and open procedures at 120 days.

At the same time, the survey results indicate we need to concentrate more on up front planning and obtaining timely information for deciding when the government should set aside projects under these programs. In this regard, we are stressing increased use of capability briefings from small disadvantaged businesses. These briefings should help contracting officers and requirements organizations to identify quality contractors and eliminate some of the bias associated in doing business with small and disadvantaged contractors. ➔

AFMC INTERAGENCY CONTRACT CLOSE-OUT PROCESS ACTION TEAM

by Bonnie D. Taylor, AFMC/PKM, DSN 787-2717

The Air Force took the lead in establishing an interagency, cooperative effort to improve the contract close-out process in October 1992.

Historically, the government and industry have focused on the award of new contracts and the management of active programs, delaying the complicated task of contract close-out. The funds appropriated by Congress had an unlimited lifetime thus making the timing for contract close-out non-critical. This resulted in the contract period of performance and the subsequent contract "close-out" often taking years.

That perspective changed in 1990 with the passage of Public Law 101-510, National Defense Authorization Act for 1991, which set a specific lifetime for appropriated funds. Any contract funds remaining unexpended when the "drop-dead" date was reached were "canceled," and could not be used for any purpose, including payment. The government's financial obligation, in many cases, still existed, requiring that "current" funds be used to finance the remaining obligation.

The legislation eliminating the merged account for government funds became effective 1 October 1993. The magnitude of AF funding at risk of being lost was estimated in October 1992 at \$5.8 billion, and potential detrimental impact on all of the activities made the contract close-out process a high priority for AFMC, the Services and other agencies.

In October 1992, 20 separate organizations were invited to participate in an interagency process action

team (PAT). The members, representing the military Services, Department of Defense agencies, and aerospace corporations, had their first meeting in November 1992. Using Total Quality Management and Statistical Process Control techniques, the team identified 25 problems in contract close-out.

One of the major recommendations resulting from the PAT was the need for increased expertise in contract close-out, business practices and data integrity. The final briefing of the interagency contract close-out PAT was presented to the Executive Steering Committee in December 1993 and the final report was distributed on 31 March 1994. Implementation of the recommendations will be accomplished over the next several months by the agencies participating in the PAT. HQ AFMC/PKM will continue to track implementation plans and metrics and brief the status of each of the initiatives and of the measurements to the Executive Steering Committee in December 1994. ➔

REDUCTION IN TIME AND COST IN SOURCE SELECTION

by Lt Col Charles Mather, SSC/PKB, DSN 596-5440

We have had significant success reducing the time and complexity of our commercial off the shelf source selections through the use of functional specifications. Rather than stating the specifications in terms of product performance mandatory requirements, the functional description identifies what the users will do with the product. For example, the printer specifications for two CLINS on the Desktop IV source selection required the following:

"Users shall have two basic capabilities to convert system generated products, including graphics, to hard copy output. Some users should have the capability to produce near letter quality documents, products using up to 14 1/2" wide continuous form pin-feed-tab paper, envelopes, multi-part forms, and labels. Other users should have the capability to produce laser quality documents, forms, overhead type transparencies, envelopes, and labels on a shared network printer."

The only mandatory "shall" requirement was to propose two printers. Section M evaluation factors then stated the characteristics the government would consider in determining the quality of the offered printers.

The reduction was dramatic. Section C was reduced from the previous Desktop III 150 pages to 10 and mandatory requirements went from over 1900 to just

44. Proposals were received in just 37 days on a nearly \$1 billion acquisition and were significantly reduced in size. As a direct result, the technical evaluators were able to evaluate one proposal per day, vice the four to six weeks previously experienced. This approach also significantly reduced both the time and cost to propose against our source selections. Offerors had stated that it required between \$5 to \$8 million to propose on Desktop III and only several hundred thousand for Desktop IV. ➔

BLOCK RELEASES FOR THE DESKTOP IV CONTRACT

by Chris Mitchell, SSC/PKOR, DSN 596-5415

The Desktop IV contracts awarded in February 1993 to Government Technology Services, Inc. and Zenith Data Systems have been very popular and successful. Between the two contractors, they delivered 198,000 units from June 1993 through June 1994, with a 21-day after receipt of order delivery schedule. The contractors are currently on schedule.

One of the most successful features of the contracts has been the ability to keep abreast of current technology. In March of this year, quarterly block modification releases were initiated to effectively manage technology advancements proposals. The first block release attempt was a big success. As many as seven new technology advancement items were added in record time. The process works as follows:

Government program office and contracting personnel meet to discuss changes to requirements, new technology, etc., and make preliminary scope determinations. A meeting is then held by the Government with both contractors present to pass along the requirement needs and to explain what minimums the proposals must contain and when they should be received by the Government to meet the next block release date. At this point, the contractors may have a separate meeting with the Government to address any technology improvements they wish to offer the Government. These contractor-specific items are judged by the Government to determine if they meet the requirements of the block release, and the contractors then prepare the proposals based on the Government's feedback.

After the meetings, waiver deviation letters may be issued to authorize no cost substitutions and alternate sources. When the proposals are finally received by the Government, the program office, legal office, and contracting meet for a joint requirements/preliminary scope determination of new

technology proposals. If the proposals pass scrutiny, they are included in the next block release.

This process saves manpower and reproduction costs by educating the contractors on what the proposals must contain so that these commercial off-the-shelf products are submitted with data supporting their great prices. Also, by combining proposals, a threefold savings in reproduction and distribution time and costs is realized. ➔

LESSONS LEARNED F-111 AVIONICS INTERMEDIATE SHOP-REPLACEMENT (AIS-R) CLAIM SETTLEMENT

by Dennis Spradling, SA-ALC/LDKAA, DSN 945-7661

Through diligent efforts at San Antonio Air Logistics Center (SA-ALC), one of the largest claims to go before the Armed Services Board of Contract Appeals (ASBCA) was settled. The claims consisted of more than 12,000 pages and were submitted from 1989 to 1993. The Air Force (AF) responded with counter claims which established AF entitlement in the eyes of the judge and served to offset many of the allegations of cost overruns made by the contractors. The litigation required the review and cataloging of 14,000,000 pages of documents which accrued over 12 years. The bare bones Rule 4 file was more than 25,000 pages, a tremendously complex effort.

What did we learn from the experience? The PCO should do everything reasonably possible to resolve claims at his or her level. If anyone thinks that the attorneys or judge will ride in on their white horse to save the PCO, you are wrong. If anyone believes that your workload will be reduced by issuing a final decision, you would also be wrong if it is appealed. Litigation is very labor intensive and requires the preparation and responses to interrogatories, requests for production of documents, depositions, review of numerous documents and simultaneous settlement discussions.

How do we reduce the probability of becoming involved in a claim? We must endeavor to award unambiguous contracts to good contractors, timely enforce the terms and conditions of the contract, ensure everyone in the AF knows their responsibilities and limitations, and seek to resolve problems rather than letting them grow and fester. Good luck and happy contracting. ➔

SMC LEADS THE FIELD WITH CONTRACTING TRAINING INITIATIVES: "JUST IN TIME BRIEFINGS"

by Janice Jamar, SSMC/PKOM, DSN 833-2473

SMC has been using Malcolm Baldrige-type criteria in the unit self-assessment since 1992. Out of this unit self assessment, the "Just in Time" briefings were born. This concept is a unique and worthwhile contracting initiative that serves as an excellent and much needed training tool.

"Just in Time" modules are short, but comprehensive briefings on subjects in the acquisition area that are designed to train new people to the systems acquisition arena and bring refresher training to the senior people. These briefings are available to provide proper information required to perform day-to-day duties in the highly complex acquisition environment. Not only are the briefings beneficial to contracting personnel, they serve as necessary information to technical people and others who do not have a contracting background. The SMC Contracting Staff strongly embraces this concept and eagerly lends a hand to provide on-the-spot training whenever the need arises. Senior PCOs have recently been invited to brief some of the "Just in Time" modules in order to tap their knowledge base and to provide the "line perspective" to the material.

The briefings are maintained in the PK Training Office and currently include:

- a. Anti-Deficiency Act
- b. Personal Services
- c. Source Selection
- d. Unauthorized Commitments
- e. Defective Pricing
- f. Technical Evaluation
- g. Fact Finding
- h. CPAR

The PK Training Office has plans for creating and identifying additional briefings in order to build a complete library of worthwhile information. This information is important to ensure that interested personnel can be quickly trained whenever the need arises. ➔



Contingency Contracting



PREPARING FOR CONFLICT -- CONTRACTING STYLE

by Capt Brian Bellacicco, USAFE/RSKX, DSN 480-5713

On 29 May 1994, contracting teams from RAF Feltwell, United Kingdom, Det 2, 700 CONS, Kaiserslautern Germany, and 36 CONS, Bitburg AB Germany simulated a five-day deployment to Tent City, Bahrain, to participate in the first AF Contingency Contracting Competition in conjunction with the AF FM Top Dollar Competition. During the competition, the teams were challenged with many contracting scenarios and hostile environments that might be encountered during a conflict. The teams were required to demonstrate their ability to function in a simulated chemical attack, display their proficiency with a 9mm pistol, demonstrate their ability to administer self-aid and buddy care in various emergency situations, and demonstrate their physical conditioning by running an Army confidence course.

All phases of the teams' performance were closely evaluated from initial office set-up to contracting kit inventories. When the smoke cleared, it was determined the "best of the best" was the team from 36 CONS, which consisted of TSgt Donald Buchannan and SSgt Morton Gould.

There were several lessons learned that came to light during the competition. First, if you don't train contingency, you won't be ready and you can't do it right. An active, sound, training program in place and functioning at your home office is essential. Second, you can only use what is ready. By that, we mean the key to your success in a deployed situation is to have everything you need (forms, supplies, computer, etc.) and the knowledge and experience to run it. Third, attention to detail is paramount. We all know that in deployed situations, the customer reigns supreme and sometimes shortcuts are taken within the boundaries of contracting guidance. However, that is no reason to not complete a form or establish a contract that is as accurate and filled out correctly as one completed in your base office.

USAFE Contracting is honored to have been the first in the AF to stand up to this type of competition. The AF-wide FM Top Dollar Competition will be conducted 5-10 November 1994 at Nellis AFB NV. SAF/AQCO is pursuing the possibility of all MAJCOMs' involvement in a joint competition with FM's "Top Dollar" for 1995. ➔

FAR REPORTER

KEEPING YOUR AFFARS UP-TO-DATE

by Col Larry Trowel, SAF/AQCF, DSN 227-9441

At a time when our business seems to be changing daily, having a single source for the most current contract policy is essential for every Air Force contracting professional. The Air Force Acquisition Circular (AFAC) process is a unique system that ensures you will always have the most current policy at your fingertips.

SAF/AQC issues three types of AFACs. The first type is used to distribute formal changes to the Air Force FAR Supplement (AFFARS). This type of AFAC provides formal change pages to be inserted into your AFFARS. AFAC 92-41 dated 20 June 94 is a recent example of this type of AFAC.

The second type of AFAC is used to distribute DoD and Air Force policy and information letters. These letters fall generally into three categories:

(a) **Director of Defense Procurement (DDP) Letters.** DDP letters are used to disseminate new or revised contracting policy that, because of an urgent and compelling need, must be issued immediately and cannot wait for a formal change to be issued in a Federal Acquisition Circular (FAC) or Defense Acquisition Circular (DAC). DDP letters are also used to authorize class deviations to the FAR and DFARS.

(b) **SAF/AQC Policy Letters.** SAF/AQC periodically issues contracting policy letters that establish new or revised Air Force policy. The AFAC process is used to ensure a thorough dissemination of these policy letters to all 2300+ AFFARS subscribers. These letters are replaced at a later date by formal AFFARS change pages.

(c) **Informational Items.** AFACs also can include letters or other materials which are of interest to contracting officers but are not directive in nature. In most cases these informational items are not posted in the FAR, DFARS or AFFARS as the policy letters are, but are filed with the AFAC index page.

AFAC 92-40 dated 13 June 1994 is a recent example of this type of AFAC.

The third type of AFAC makes urgent revisions to the FAR, DFARS and AFFARS using the Joint Message Format. This approach is used when we have an immediate need to get new or revised policy directly into the hands of our field contracting personnel. AFAC 92-38 dated 111200Z May 1994 is a recent example of this type of AFAC.

Each of these last two types of AFACs contain specific filing, posting, marking and effectivity instructions so that each letter or message is posted facing the affected section of the FAR, DFARS or AFFARS. This procedure ensures that the most current policy is readily available at the place in the book where you need it. Subsequent AFACs will direct removal of these letters once they have been superseded by a formal change, rescinded or have expired. The Air Force is the only DoD agency that takes this approach to posting policy letters. It requires some additional work on everyone's part, but has proven to be the most effective approach to getting the latest policy out to everyone and helping you to keep your books current.

We have recently begun using another tool to help you keep your AFFARS up-to-date -- the AFFARS List of Effective Pages, also known as the "A-page." The A-page lists each current AFFARS page as well as any policy letters that have been inserted in the AFFARS by earlier AFACs. Using the A-page, you can quickly tell if your books are correctly posted. See AFAC 92-39 dated 11 May 1994 for details.

We are constantly working to improve the format and procedures for posting and maintaining your AFFARS and AFACs. We want you to have the most recent policy readily available when and where you need it. If you have any suggestions, please give us a call. ➔

NOT GETTING YOUR ACQUISITION CIRCULARS?

by Rick Summerour, SAF/AQCF, DSN 225-3858

The Air Force Publishing Distribution Center (known as the AFPDC) distributes approximately 2,300 copies of each Federal Acquisition Circular (FAC), Defense Acquisition Circular (DAC) and Air Force Acquisition Circular (AFAC). Occasionally users (known as customers) of the FAR do not receive their copies. When this occurs, the customer should contact his or her Customer Account Representative (CAR). The CAR is a person in the Customer's organization who is designated to serve as a focal point in dealing with the Publications Distribution Officer (PDO). Every Air Force Organization is serviced by a PDO, usually located at the local base. The PDO is an information management specialist, who can check the Air Force Publishing Bulletins to determine when the circular was distributed. The PDO may obtain a copy by requisition. The customer should request the PDO to make sure that a requirement has been established for the FAR. Since receipt of FACs, DACs, and AFACs is based upon having a requirement established for the FAR, this should ensure that you receive all acquisition circulars. →



FAC, DAC, AFAC UPDATE

As of 1 August 1994
your copy of the FAR, DFARS
and AFFARS should be posted
through the following changes:

FAC 90-20 dated 10 Mar 94
DAC 91-6 dated 27 May 94
AFAC 92-41 dated 20 Jun 94

\$ PRICING \$

COST OR PRICING DATA-- WHEN DO YOU NEED IT? WHEN DO YOU GET IT?

by Bob Bemben, SAF/AQCP, DSN 227-3888

One of the most frequently heard and long-standing complaints about the procurement process is that contracting officers ask for the submission and certification of cost or pricing data when such data is not required. This practice wastes Government and contractor resources. Clearly, contracting officers must become more knowledgeable and comfortable with alternative methods of establishing price reasonableness so that over-reliance on cost analysis techniques can be avoided. Contracting officers must refrain from obtaining cost or pricing data unless the data is clearly required or necessary. Some guidelines contracting officers should use are:

Actions Under \$500,000: Cost or pricing data generally should not be obtained for actions falling below \$500,000. Contracting officers should instead use price analysis techniques to the maximum extent possible to determine price reasonableness. When the contracting officer cannot determine price reasonableness by using price analysis techniques, cost documentation may be obtained from an offeror in order to perform a cost analysis; however, the contracting officer shall request only that data which is necessary to determine a reasonable price. In order to obtain cost or pricing data for actions under \$500,000, the contracting officer must make a written finding that such data is necessary for the evaluation of the reasonableness of price, and the finding is approved at a level above the contracting officer (see FAR 15.804-2 (a) (3)).

Cost Realism Analysis: When cost or pricing data is not required because adequate competition is expected, but cost documentation is needed to determine the cost realism of competing offerors, such documentation may be obtained. Cost documentation requirements should be tailored so that only necessary data are requested (see DFARS 215.805-70). For cost realism analysis, contracting officers should not require contractors to certify cost documentation and cost or pricing data should not be requested.

Adequate Price Competition: Cost or price data should not be requested when adequate price competition is expected. Adequate price competition can exist even when price is a secondary factor in the evaluation of proposals as long as price is a substantial evaluation factor (see DFARS 215.804-3 (b)). Cost documentation may be obtained if necessary to ensure cost realism.

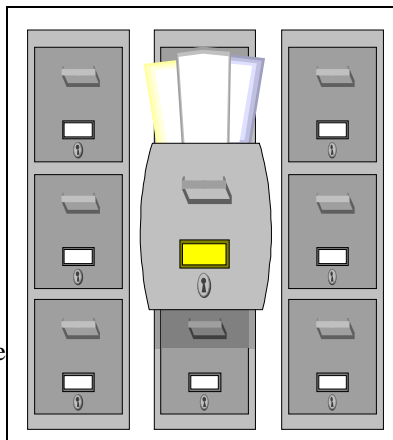
Contracting activities should devote special attention during solicitation reviews and performance management reviews to ensure cost or pricing data requirements are imposed only when necessary. Note that different requirements may apply when contracting for commercial items in accordance with the procedures set forth in DFARS Subpart 211.70.

In the near future, we can expect to see more change related to cost information requested from contractors by the Government. Current acquisition reform legislation contains several changes to the requirement for cost or pricing data. In addition, an Air Force-initiated case which provides for an easier method of securing cost documentation is currently under consideration by the DAR Council.➔

DOCUMENT YOUR FILES!

by Maj Tim Brown, SAF/AQCP, DSN 224-3622

As contracting professionals, one of your most important responsibilities is to completely and accurately document the pricing process in either a price negotiation memorandum (PNM) or a price memo that is included in the contract file. Accurate documentation is essential for several reasons. First, FAR 3.101-1 states that "transactions relating to the expenditure of public funds require the highest degree of public trust and an impeccable standard of conduct." Ultimately, the contracting officer signing the contractual document will be held accountable when public funds are spent unwisely -- not the requester, not DCAA, and not the program manager. Since the PNM is a written document explaining your decision to obligate or expend public funds, it is a permanent record of how well you are discharging your



fiduciary responsibility. Inadequate or incomplete documentation may raise questions on how well you are carrying out your duties as an agent of the public trust. Second, the PNM is a sales document describing the progress from proposal submission through negotiation of the contract price. Therefore, it is the source document if it becomes necessary to reconstruct the events surrounding an acquisition (e.g., changes in personnel, claims, congressional inquiries and court cases). Finally, in actions requiring the submission of certified cost or pricing data, the PNM forms the basis for defective pricing cases.

Writing a good PNM is not easy and can be very time consuming. One of the biggest problems is determining how much documentation is enough. There is no easy answer. However, FAR 4.801 states that documentation in files "shall be sufficient to constitute a complete history of the transaction." To do this, the PNM must address the who, what, where, when, why, and how of each step of the acquisition process. Further guidance on writing PNMs can be found in AFP 70-6, Guide for Air Force Base Level Pricing, FAR 15.808, and Chapter 8 of the Armed Services Pricing Manual (ASPM). Two things you can do today to improve your organization's documentation is to establish internal review procedures to ensure the pricing process is properly documented and to conduct periodic training on trends identified during your reviews.➔

GOVERNMENT ESTIMATES FOR REQUIREMENTS CONTRACTS -- ARE THEY "REAL"?

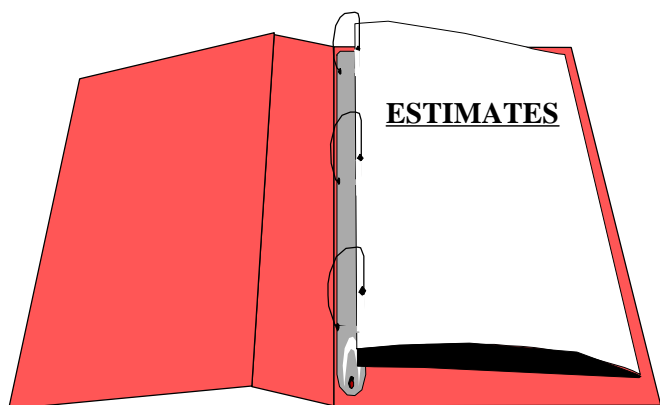
by Maj Tim Brown, SAF/AQCP, DSN 224-3622

According to the book, *Reflections on the tao te ching*, "To live fully in Reality is to avoid obsession and compulsion." When I first read that line, it reminded me of some government work estimates that I'd recently observed while reviewing requirements and indefinite delivery, indefinite quantity contracts. In several cases, the estimates were based more upon our "obsession" with obligating a specific amount of funds by a certain time rather than our bona fide needs. In other cases, the estimates were literally guesses with no consideration given to previous requirements. In all cases, the actual quantities ordered were nowhere near the original government estimate.

Now, it's not our job to determine requirements; however, our failure to exercise reasonable care to verify questionable estimates may result in the awarding of damages to contractors (*Crown Laundry and Dry Cleaners vs. United States*, Fed Cl, No. 91-1224C,

9/22/93). In the referenced case, the contractor was awarded damages after establishing a "lack of due care" by the government in the preparation of its work estimate. In this particular case, the government overstated the amount of work by 45%. The court ruled that the mere fact there's a significant variance between the estimates of work and the actual work performed does not necessarily result in the government being liable for damages. To get damages, the contractor must prove that the inaccurate estimates were the result of negligence or lack of due care.

In this case, the government relied solely on the using activities' estimates. The government did not use reasonable care because the contracting officer and his representative did not try to verify the estimates with research or other data, even though they doubted the validity of the estimates. Additionally, there was evidence that the government had more current data available from a previous contract for the same services. The court went on to state that bidders are entitled to rely on government estimates as "representing honest and informed conclusions" and, "the government is not free to carelessly guess at its needs." So, be aware of your responsibilities to verify requirements that don't seem valid and educate your customers on the importance of developing good estimates. Estimates based on reality, not obsession or compulsion, will result in better contracts, happier customers, and less litigation. ➔



COMPETITION

AIR FORCE COMPETITION UPDATE

by Joy White, SAF/AQCS, DSN 227-6400

The Air Force Secretariat Competition Advocate staff (SAF/AQZ) was integrated into the existing SAF/AQ structure on 1 June 1994. This streamlining initiative has resulted in numerous changes. Here are some highlights:

- The competition advocacy function is now part of SAF/AQC. Gen Drewes is the Air Force Competition Advocate General.

- Procuring activity staff alignments and responsibilities are not impacted by this restructure. Justification and Approvals will continue to be processed in accordance with FAR Part 6 procedures.

- Commercial and Non-Developmental Items (NDI) and Contracted Advisory and Assistance Services (CAAS) responsibilities are assigned to SAF/AQX.

- The Competition Advocacy Air Force Policy Directive 63-3 will be revised to delete the Commercial/NDI references and the Competition Advocacy Air Force Instruction 63-301, now going to print, will address only competition. Commercial/NDI and CAAS policies will be subject to separate Air Force Policy Directives and Air Force Instructions.

- Future competition awards will be combined with the contracting awards for presentation in the March-April time frame.

Competition will remain at the forefront of Air Force acquisition strategy. SAF/AQC is committed to sustaining the AF tradition of competition aggressiveness and success as we take on the advocacy program. ➔

PEOPLE -- OUR MOST IMPORTANT RESOURCE

AMC RESERVISTS ARE THERE WHEN YOU NEED THEM

by Col Charles W. O'Cain, AMC

Air Mobility Command reserve contracting officers have recently performed extended active duty where active duty manpower shortfalls have occurred. Capt Greg Hayley from Pine Bluff, Arkansas, performed 153 days of active duty from 1 March 1994 through 31 July 1994 at Brooks AFB, Texas. He was assigned to the Air Force Center for Environmental Excellence as a source selection team member. Capt Hayley was responsible for evaluation of offeror's capacity to provide adequate supervision and project management to organize, staff and monitor all necessary resources and services to support the AF's environmental objectives. With his assistance, up to five \$39 million indefinite quantity, cost plus award fee contracts will be awarded to contractors best suited to satisfy the requirements.

Another reserve officer, Capt Bill Clark from Pearl City, Illinois, performed 75 days of extended active duty from 28 February 1994 through 13 May 1994 at Travis AFB, California. He was placed in charge of the Contract Airlift Detachment 5 for three weeks when illness prevented the active duty detachment commander from performing his duties. Capt Clark provided 24-hour on-call contract administration services giving direction and guidance to commercial air carriers to ensure DoD passenger/billiting, meals, and service were provided in accordance with contract terms and conditions.

Reserve contracting officers provide the Air Force an economical, professional surge capability when contingencies arise or, as in the above case, when unexpected manpower shortfalls arise. ➔

CIVILIAN CAREER BRIEFS

by Hector Corella, AFCMPC/DPCQ, DSN 487-4507

The success with which you compete for promotion for Contracting and Manufacturing Civilian Career Program (CMCCP) positions is partly based on the completeness, accuracy, and currency of your computerized personnel record.

Perhaps the biggest problem area is with the Personal Availability Codes (PAC) portion of the computerized record, which contains the computer codes that reflect the position title, grade, and location of position(s) for which you wish to be considered. We often get complaints from registrants who weren't referred for consideration and find out that they used the wrong PAC(s) when registering/updating. Conversely, some registrants who are referred, decline consideration/selection and are then penalized for six/twelve months because their PACs didn't reflect the correct title, grade, and/or location of the position(s) for which they were available and they were forced to decline consideration or selection.

Another area of the computerized personnel record which contains erroneous data is the contracting warrant area. Selecting officials are now paying more and more attention to this information on the career brief because of the requirements of the Defense Acquisition Workforce Improvement Act (Public Law 101-510). Unfortunately, many briefs reflect obsolete warrant levels, or none at all, when in fact an individual has had a warrant for quite a while. If you are a GS-12 or above and are a career program registrant, you will soon receive a special Civilian Career Program Brief (career briefs for GS-11s will be sent at a later date). The career briefs will be provided by the CMCCP office to give you a chance to review (and correct if necessary) the information in your computer record. Areas which will need your attention are APDP certification level, warrant information, Acquisition Corps qualification, education level, and personal availability codes. Review the brief carefully and work with your local servicing personnel office to correct any erroneous information. Remember, you share the responsibility for ensuring that your record is current and accurate. ➔



TUITION ASSISTANCE - FY94

*by Scott Brown, AFCPMC/DPCQ,
DSN 487-4608/4603*

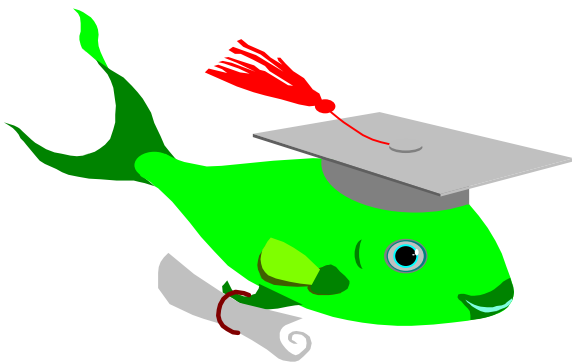
The response of Contracting and Manufacturing Civilian Career Program (CMCCP) registrants and interns to the tuition assistance program during FY94 has been very positive.

The Defense Acquisition Workforce Improvement Act (DAWIA) and Air Force Acquisition Professional Development Program (APDP) mandate a requirement for 24-semester hours of business or a bachelors degree for those in the workforce who do not have ten years of acquisition experience as of 1 October 1991. In addition, in order to qualify for the Acquisition Corps, an individual must have a bachelors degree and 24-semester hours of business.

To meet these mandatory educational requirements imposed by the DAWIA and APDP, CMCCP hopes to see an even greater response to the tuition assistance program during FY95.

CMCCP will begin to accept applications for tuition assistance for FY95 on 15 August 1994. Instructions on how to apply for tuition assistance were forwarded to MAJCOM functional managers during July 1994.

Questions should be directed to Scott Brown, AFCPMC/DPCQ, DSN 487-4608/4603, commercial 210-652-4608/4603; telefax DSN 487-2445/2822, commercial 210-652-2445/2822; or e-mail "browns@cpmc.af.mil". ➔



1993 AIR FORCE COMPETITION AWARD WINNERS

by Joy White, SAF/AQCS, DSN 227-6400

On 5 and 6 July 1994, General Drewes, the Air Force Competition Advocate General, honored the winners of the 1993 Air Force Competition Awards. The award recipients included:

Mr. Vaughn Martin, SA-ALC/LDAE - Engineering Function

Ms. Loraine Montgomery, ACC - Line Function

Ms. Joanne Mohn, AFDW - Staff Function

Air Force District of Washington - Outstanding Unit Contracting Center

Pacific Air Forces - Outstanding Command

The awardees have made significant contributions to the Air Force competition program. Mr. Martin, a senior electronics engineer for the Automatic Test Systems Division, has guided the development of over 200 Commercial Item Descriptions, creating an environment of full and open competition in the Test Measurement and Diagnostic Equipment area. Ms. Montgomery, who is responsible for the Government Operated Civil Engineering Service Store (GOCESS) at the 363rd Contracting Squadron, Shaw AFB, achieved a 100 percent competition rate for all GOCESS purchases worth over \$1.8M. Ms. Mohn is the Deputy Director of Contracting and the Director of Small Business at the Air Force District of Washington (AFDW) Contracting Center. Through her aggressive action on Acquisition Strategy Panels, sources sought synopses and industry meetings, the contracting center surpassed its competition goals in 34 of the last 36 months.

The AFDW Contracting Center achieved a 97 percent competition rate in FY93 while servicing over 400 Air Force and Government Agencies located in the National Capitol Region. The Unit Award was presented to the AFDW Commander, Col Stevan Richards, as well as Ms. Linda Morrill, and Tsgt Edwin Davis representing the contracting office.

PACAF, through innovative approaches including contractor outreach programs, various government/contractor training programs, contracting conferences, local Chamber of Commerce associations, and small business workshops, accomplished a 98.7 percent competition rate. The Command Award was presented to Col Roland Hassebrock, PACAF's Chief of Contracting. ➔

A YEAR ON THE AIR FORCE ASSOCIATION ENLISTED COUNCIL

*by TSgt Michael Lassiter, HQ AMC/LGCO, &
SMSgt George Dupin III, AFLMA*

TSgt Michael G. Lassiter, HQ AMC, and SMSgt George Dupin III, AFLMA, had the pleasure of serving on the Air Force Association Enlisted Council (AFAEC) for the period of 1 October 1992 through 30 September 1993. This honor began when they were selected as two of the Air Force's 12 Outstanding Airmen for 1992. Further, the event was highlighted during the 1993 Fall Worldwide Contracting Conference, where those in attendance were briefed on their year as members of the AFAEC.

What is the Air Force Enlisted Council? The AFAEC is a body of enlisted personnel consisting of active duty, reserve, and guard components. The core of the council is supported by the Air Force's 12 Outstanding Airmen. The purpose of the AFAEC is to advise the Air Force Association (AFA) on matters of interest to the enlisted force. It further serves to keep Air Force leadership and the Air Staff apprised of the concerns of enlisted members through the Chief Master Sergeant of the Air Force, the AFAEC Advisor.

What are some of the accomplishments of the AFAEC? Past councils made considerable and lasting contributions to the enlisted force. Some of those contributions are the Transition Assistance Program, which provides counseling and assistance to our members departing the military service and entering into civilian life; the Eagle Grant Foundation, which offers a \$250 grant to E-4 through E-6 active duty members graduating from CCAF currently pursuing a Bachelors Degree; and one of the council's greatest and earliest accomplishments, the establishment of the Chief Master Sergeant of the AF position.

The 1992 AFAEC directed its efforts toward the "Top 6" concerns of our enlisted force: pay compensation benefits, dormitory/housing, medical and dental care benefits, education, retirement, and the highly publicized homosexual issue. The AFAEC chairman, CMSgt Thomas, provided those concerns to the AFA leadership who after consideration adopted a record breaking five out of six concerns for publication in AFA's Annual Policy Paper on Defense Manpower Issues and Overall Statement of Policy.

During their year as members of the AFAEC, both TSgt Lassiter and SMSgt Dupin, had a "front row seat" watching the Air Force "up close." They proudly represented the contracting career field, the enlisted core, and the Air Force. Thank you for supporting them.➔

NEW TRAINING COURSES

by Mary Mann, SAF/AQCX, DSN 225-9051

A new intermediate pricing course (CON 231) will be required for Level II Certification in Contracting, effective 1 October 1994. After that date, contracting personnel not yet certified at Level II will be required to take this new two-week course in addition to their other mandatory training requirements in order to receive Level II certification. The new course will be less math oriented and will contain much more pricing substance. The course is now in the pilot offering phase with the last pilot offering scheduled for 18-28 October 1994. Supervisors may wish to send personnel already Level II certified to this new course because it covers so many beneficial topics in the area of pricing. This is the long-awaited course which has been designed for everyone, not just Price Analysts.

Defense Acquisition University is also developing a new Level III course. This course will replace the post-award and pre-award courses: CON 311, Management of Defense Acquisition Contracts (Exec) and CON 321, Contract Administration (Exec). Currently in the planning stages, senior contracting personnel throughout the Department of Defense have provided input into the design and course content of the new course. It is not expected that this new course will come on line for another year. Those personnel already certified at Level III, at the time of the first official course offering, will not be required to complete this new Level III course.➔

CCAF

**(Extracted from AFSPC Contracting/QA
Crossfeed Newsletter, dated July 1994)**

Did you know that if you are an enlisted member in the Air Force, the Community College of the Air Force (CCAF) is an avenue for getting some college credit for Government courses which are recognized by CCAF. Your local Base Personnel Education Office can assist you with information and filling out all the necessary forms.

**For additional information, contact
CMSgt Williams, DSN 224-1711.**

PEOPLE BULLETIN BOARD

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CONGRATULATIONS TO OUR NEW GS-15!!!

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